Previous references.

1906-7
GI Finance

File No. 102

Serial Nos.

GENERAL AND REVENUE SECRETARIAT.

Procedure for applying for
sanction additional grants
for expenditure after the Budget
Estimates of any one year are
passed

Heads of Departments & comptroller
no 7C 2806-57 dated 23-10-06.
Lays down procedure to applying for
and sanctioning additional grants
for expenditure after the Budget-

GENERAL AND REVENUE SECRETARIAT

(8.7

NOTES.

File No. 102/16.

FILE HEADING.

Rules regarding Expenditure not provided for in the Budget Estimates.

Diary N	Dated	Enclos.	Received	Spare Copies.	Serial No.

BRIEF ABSTRACT OF LETTER.

NOTES AND ORDERS.

Serial No.

Secretary. D5-302 ~~Rdl 370 05~~ 80-(4)

With reference to recent order in the file connected with the applcation of the Municipality of Bangalore for additional grants for Expenditure, to point out cases in which Public rules have not been followed, I beg to submit a list of cases in which Extra Expenditure not provided for in the Budget has been sanctioned. The list is not quite complete because my office does not record the cases which are not formal additional grants or reappropriations. But still I should say it is a fairly full list. I have already pointed out in letter no. 2930 of November 29 that in the circumstances of the current year any reappropriation made out of existing grants is meaningless when we know for certain that the Expenditure under one or two heads will be so great as to make an excess over the total grant of the year inevitable.

It is for Govt to decide which of the items of Expenditure can be post-

G.R.S. 12]

General and Revenue Secretariat.

Serial No.

I have no hesitation in saying that the Budget system is not properly worked here and it is absolutely necessary to the curtailment of unnecessary expenditure

G.R.S. 12]
General and Revenue Secretariat.

File No. 102 of 1906

Serial No.

In his letter no 447 of 17-11-05 the Comptr. represented that "Supplemental Budgets" were inadmissible under the rules and requested that the Budget System might not be allowed to be disregarded. On this, he was requested to send a list of cases in which the Budget rules had not been followed. With his note of 21-12-05 he Subs. a list showing 48 cases. As His Highness was pleased to direct in his order of 27-12-05 that this list may be Subd. to him, it was attempted to submit the file in a complete form, with all the collections connected with the cases shown in the list. As the collections are being used for references in connexion with cases that are being dealt with in the several branches it has so far proved impossible to obtain Collect all the reference files required. 35 out of the 48 cases are herewith Subs. ~~The remaining 13 have been put up for ref.~~

A Circular as directed by His Highness in his order of 27-12-05 was issued in G.O. 7460-78 of 18-1-06. and 370-05.

Paper under disposal

Submitted to His Highness.

In the order on File No.473, His Highness expressed a desire to see the list of irregular grants sanctioned without regard to Budget rules referred to by the Comptroller. The list of such grants received from the Comptroller is submitted for perusal, together with 35 files out of 48 referred to

Record of Cases submitted for the Orders of His Highness the Maharaja

List of irregular grants sanctioned with out regard to Budget Rules.

Order.

The additional expenditure in connection with the Royal visit could not be helped. But I imagine that a good deal of the other expenditure could have been deferred & budgetted for formally. There must always be a certain amount of unforeseen expenditure in a year and I am not quite clear how the Comptroller proposes to deal with such cases. It will be useful if the Comptroller will give us his views on the file as a whole with recommendations as to the procedure that shd be followed. The Dewan may then submit the file again with the views of himself and Council.

Refer to Controller for favour of his views

The year having expired it is now too late to discuss in detail the various sanctions and additional grants that were made. His Highness very properly observes that there must always be a certain amount of unforeseen expenditure in a year. I am bound respectfully to admit that unavoidable expenditure of the kind referred to must be provided for as it is incurred. I did not object to this class of expenditure but my point was that in a year in which such unforeseen expenditure has already run away with the whole of the available revenue it is incumbent on the Government to tighten the reins in dealing with proposals for ordinary expenditure.

His Highness will graciously observe that most of the items entered in the list submitted by me represent recurring expenditure not confined to the current year alone but are permanent additions to the annual expenditure of Government The objection from a financial point of view to such additions is that they hypothecate the increase of Revenue in future years without knowing whether such an increase may be really available. At present we are able barely to balance our total Revenue and Expenditure in the annual Budget Estimates and if we go on sanctioning per-

GPB—50,000--23-10-05

permanent additions to expenditure during the course of the year, we practically convert th equilibrium in the Budget into a regular deficit. This is the important question of principle that I have been impressing upon the attention of Gove ment and I respectfully beg that some im in the procedure may be ordered

Without going much into details at the present stage, I would venture to suggest that with the gracious permission of His Highness, a Resolu tion on the following lines may be recorded by th Government for the guidance both of the spending officers and the Secretaria

"The Government of His Highness the Maharaja have had for sometime under consideration the pro cedure for applying for, and sanctioning, additiona grants for expenditure after the Budget Estimates of any one year are passed.

2. At present it is almost the general practice fo spending officers to apply for additional grants for any item of expenditure which is not specifically provided for in the sanctioned Budget and the obligation to meet the expenditure by reappro priation within the existing grant is not only not strictly enforced but it is not often clearly un derstood

3. It is therefore necessary to define more p cisely the nature and scope of the Budget grants and the responsibilities of spending officers in regard to the provision of funds for any new expenditure not foreseen in framing the Budget Estimates of the year.

4. The State Budget Estimate is the programme of the year's expenditure with reference to the available Revenue. Ordinarily the total expenditure for which provision is made should not exceed the total Revenue and it is usual to estimate for a small surplus of Revenue as a margin of safety against possible fluctuations in Revenue and unforeseen demands for inevitable payments or unavoidable expenditure

5. The expression unforeseen demands for inevitable payments or unavoidable expenditure" should be noted. If an accepted claim against Government for expenditure incurred in a previous year is preferred, the payment must be made and cannot be refused for want of Budget provision, though departmental action may be taken for the failure of the responsible officer to foresee the arrear claims when the estimates were framed. In the same way, if owing to failure of rains or other causes there is a wide spread distress in the country, all necessary expenditure must be incurred irrespective of Budget provision, to save the lives of the people and it is open to the Government in an emergency of this kind to completely recast the original Budget programme to meet the new demand as far as possible

6. But apart from these special purposes for which an annual surplus of Revenues may be estimated it is wholly opposed to a sound financial system to estimate for a regular surplus of ordinary Revenues as a sort of reserve to meet the ordinary

surplus should be applied immediately to the reduction of taxation or to the improvement of the moral and material condition of the people.

7. Thus, under the Budget system, the Governmer being precluded from setting aside a reserve for ordinary requirements- it is not possible for it to allot additional funds for such requirements during the course of the year and no application for such allotments can ipso-facto be entertaine

8. The position of the general Government bei as above explained, it is necessary to define the nature of the assignments of funds made to spending officers in the Budget estimates. These assignments made in the estimates should be treate as a sort of annual contracts for the service of a whole department. When a private contract is made such as for the construction of a house, the original settlement is no doubt fixed with refere ce to probable expenditure on the various kinds of material and labour required for the purpose, but in the actual result the contractor is requi to work within the total money outlay stipulated for, irrespective of variations in the details. I the same way, when Government makes a total assig ment for the expenditure of any department- it i incumbent on the spending officer to keep the branch of service in his charge in an efficient condition within the authorised scale of expendi ture.

9. The principle stated in the preceding para graph may be further explained as follows.

The Government (of Mysore) makes a total grant of

of about 20 lakhs for expenditure on constructior and repair of buildings and roads in the country. This grant is distributed among specific establis ments and works. But in the course of the year it is found that some new urgent work must be tak up in the interest of the service. The fact that no specific provision was made for this work in the Budget is no justification for proposing an additional grant. Variations within defined limi from the settled Budget programme must be taken a an ordinary incident of the administration and th Government cannot be expected to specially find funds for every new work. If there is any excep- tional demand due to some calamity such as heavy damages by flood or wholesale destruction of buil ings by fire, involving immediate heavy outlay, th case would be different, but ordinary variations i the programme of expenditure within a small perce tage of the total grant must be provided for by reappropriation.

10. It should be clearly understood that it is the duty of the officer who proposes any new ex- penditure to suggest the Ways and Means for such expenditure but it does not necessarily follow that any possible retrenchment within the total grant at his disposal is always available for the new expenditure. Government in sanctioning any new expenditure is obliged to consider the Ways & Means of the State as a whole, and if the Govern- ment has already been committed to unavoidable ex penditure in some departments in excess of the

transfer to its service all possible retrenchments in other departments without sanctioning any re-appropriations.

11. In dealing with questions of additional grants and reappropriations, the difference between nonrecurring and recurring expenditure should also be borne in mind. Sanction to non-recurring expenditure is merely a question of Ways & Means in the year but the proposal for a recurring expenditure involves in addition to the immediate question of Ways & Means, the far more important question of available Revenue in future years. The question to be considered in giving sanction to such a proposal is not whether the required cash can be made available without difficulty but it is whether sufficient surplus Revenue is available to meet the regular demand. Accordingly, if Government undertake such expenditure without first providing for it in the estimate, there is the risk of hypothecating the increase of Revenue in future years without knowing whether such an increase may be really available. On considerations like these, t standard rule regarding expenditure not provided for in the Budget estimate is laid down as follc

"Expenditure for which no provision has been made in the estimates of the current year should not be proposed, and cannot be sanctioned. In the absence of special arguments, the sanctioning authority assumes that any expenditure proposed is intended to have effect from the beginning of th following financial year, and not earlier".

12. The Government of His Highness have decided

Serial No.

decided that the principles above explained shou be strictly observed in future both in proposing new expenditure and grants and in sanctioning th and the Government have no doubt that if worked in the proper spirit- the rules will lead to cor siderable reduction in the applications for additional grants and expenditure that are now received throughout the year.

Submitted
24.8.06.

a draft G.O. as suggested by the Comptroller & Auty.
Sub. to Secy.
17-9-06

Papers to be circulated to the Council as ordered in Govt Note dy 6.7.06
Read do —
20/9/06
20/9/06

I think the Draft enunciates the principle clearly and may be approved
22/9/06
I concur
Secy
22/9/06

G.R.S. 12]

General and Revenue Secretariat.

Gen Fin File No. 102 of 1906

Serial No. 1

To the Heads of Departments and Comptroller
no: H 2806-51 Dy 23rd October 1906.

Issues instructions in the matter of the procedure for applying for, and Sanctioning additional grants for expenditure after the Budget Estimates of any one year are based.

GENERAL AND REVENUE SECRETARIAT.

Council matter.

Rules as to how and when applications should be made for additional grants for expenditure after the budget estimates of any one year are passe

Circulated to Councillors.

By Order,

eptember
.....1906.

Secretary.

---

nda Row, Esq,. B.A.

irst Councillor.

Please see Councillor's remarks on note.

uttanna Chetty, Esq,.

econd Councillor.

Submitted to His Highness.

As directed in His Highness' order, dated 6th July last, I submit, for approval, a draft order embodying the recommendations of the Comptroller, on the question of meeting expenditure for which no provision has been made in the Budget estimates of the year.

I agree with the Councillors in thinking that the draft clearly lays down the principles to be kept in view in such cases, and that it may be approv-

Record of Cases submitted for the Orders of His Highness the Maharaja.

Subject.

Draft order on the question of meeting expenditure for which no provision has been made in the Budget Estimates of the year.

Order.

Approved

KRW

16/10/56

Dewan's order

Please issue

BO

16/10

List of items Sanctioned by Government for which no Specific Budget Provision existed.

Number and Date of Government order	Subject	
J 16-4 Pris 84-2 dated 4th July 1905	Sanctioning the entertainment of 11 additional Convict warder guards for the intramural guarding of the Bangalore central jail with effect from 1st July 1905 the additional Cost involved in the payment of gratuities to them being Rs 5½ per mensem in all to Start with.	Expenditure sanctioned without reappropriation Orders.
SR 123-04-2 dated 5th July 1905	Sanctioning the grant of a local allowance of Rs 50/- to the Kolar Gold fields Excise Assistant Commissioner with effect from the date of his living in the Gold Fields and requesting the Excise Commissioner to indicate the Source from which the additional expenditure may be met.	
H 559-68 mmel 420-1892 dated 19th July 1905 Put up.	Sanctioning Rs 243-8-0 as a grant-in-aid to the Kolar Town Municipality for the repair of the Madera-Kally Tank and requesting the Deputy Commissioner District to point out the Source in the Budget for 1905-1906.	
H 678-9 ed 222-04-2 dated 22nd July 1905	Sanctioning Certain arrangements in the Inspecting Staff of the Education Department at an additional Cost of Rs 914 per mensem (minimum Rs 914, maximum Rs 1432) and the additional	This was an anticipated charge and a lump provision Could have been made in the Bud. Est.

cost as a supplemental grant.

Sanctioning till the end of June 1906 to the office of the Revenue Commissioner 3 Clerks on Rs 20, 35, 30 per mensem and an additional menial establishment of 14 persons costing Rs 133 per mensem (Raised to Rs 138 in the second order proposed) and requesting the Revenue Commissioner to propose a reappropriation of funds to meet these additional costs. On a representation made by the Revenue Commissioner, he was permitted to propose the necessary reappropriation at any time before the close of the official year and the Comptroller was requested to pass the pay bills of the Revenue Commissioner's office.

Sanctioning the retention of Mr: Rice Director of Archeological Researches for such period as is necessary for the completion of the work on hand and requesting the Comptroller to provide in the Budget such additional sum as may be required for Mr: Rice's pay, allowance &c for a period of nine months from the beginning of the current official year

Dl 1001-2 dated
L.R 45-04-9
9th August 1905
and
R 3215-6
dated
L.R 224-05-3
8th September 1905.

Government Sanctioned with-out reappropri-ation of funds.

Dl 1225 dated
G.M. 281-05-2
23rd August 1905

This perhaps was an anticipated charge. Comptroller was asked to provide in the Budget; but the Budget having already been sanctioned, a reply was made and Government requested not to appropriate accrued Saving

Jl 1509-10 dated fl Fin 96-05-2 6th September 1905. Put up	Sanctioning the grant of a donation of Rs 2000/- to the "Duty" Fund of the Aligarh Mahomedan College	Expenditure Sanctioned and incurred without provision although it is not a prohibited charge against General Revenues.
Jl 1649-50 dated H 68-05-1 8th September 1905 and further orders thereon. Put up	Sanctioning Scholarships to two students deputed to study Forestry in the University of Oxford.	The Scholarships were Sanctioned without provision. On the Comptroller's suggestion re-appropriation is being considered.
Jl 1886-929 Gl Fin 86-05-2 dated 13th September 1905.	Appointing Mr. V. Shama Row M.A as Registrar of Co-operative Societies on a Salary of 500-50-700 with effect from 1st September 1905. Mr. Shama Row is to start on a Salary of Rs 600/- per mensem.	No provision for the increased expenditure Sanctioned.
Jl 3299-301 dated G.M 164-05-1 23rd November 1905 Put up	Sanctioning an establishment to the Registrar of the Co-operative Societies an establishment costing Rs 235 per mensem besides a lump sum of Rs 3500 for Travelling Allowances and Contingencies.	
R 4244-8 dated Jl 36-05-4 30th September 1905 Put up	Sanctioning the revision of the Forest Rangers' Grades with effect from 1st October 1905 at an extra cost of Rs 210 which for the current year should be met from the Savings under establishment charges.	no provision in Estimate. No savings are likely to accrue under establishment as a lumpsum diminution of Rs 6500 has already been made in the Budget for probable Savings.
Jl 2480-1 dated Rev 96-04-4 1st November 1905 Put up	Sanctioning an increase of Rs 50/- to the Superintendent, Medical Stores, with effect from 1st October 1905.	No Budget provision. No Source of Savings mentioned.

J 1291-2 dated Fin 15-05-2 1th November 1905. Pub'd.	Sanctioning the revision of the warders establishment of the Bangalore Central and Mysore jails at an additional cost of Rs 66 per mensem.	No Budget provision
J 1655-6 dated Cto 30-4 11th December 1905. Pub'd	Sanctioning the Continuance till the end of June 1906 the remuneration of Rs 50-per mensem originally Sanctioned to the Registrar Chief Court for Compiling the Law Reports for the years 1900, 1901 and 1902 and granting to him a lumpsum of Rs 2,400 as remuneration for having Compiled the reports from 1896 to 1899.	
H 2185-6 dated Gb Fin 84-05-3 25th September 1905. Pub'd	Sanctioning an additional grant of Rs 1325-4-10 to meet the excess expenditure incurred over and above the Budget grant made for the year 1904-1905 on account of the Sandarpane in H.H. the Maharaja's Chathram at Tirupati.	Expenditure incurred in 1904-1905 in excess of the Budget provision and for this excess an additional grant was Sanctioned.
H 2242-3 dated Jud Fin 71-05-2 24th September 1905. Pub'd	Sanctioning an additional grant of Rs 4200-? for the purchase of ammunition for the Imperial Service Regiment.	The additional grant Sanctioned was in the beginning of the year and to a department which generally Showed large Savings.
2630-1 dated Mwz 4th December, 1905 Pub'd	Sanctioning an additional grant of Rs 1896-4-2 to meet the excess expenditure incurred on account of Sandarpane and Sadavart to Bhavanagees in H.H. the Maharaja's Chathram in Mysore	The charges incurred are under Mwz-ai.

during the Dasara of 1905, leaving in tact the balance of Rs 2356-14-8 at credit of the Chatteram for permanent improvements.

Sanctioning an additional grant of Rs 1,75,000 for the Reception of their Royal Highnesses the Prince and Princess of Wales.

Sanctioning a Supplemental grant of Rs 13000 towards escpenses Connected with the preparation of Camp at Karapur for the use of their Royal Highnesses.

Sanctioning a Special grant of Rs 12,000 as grant-in-aid to the Mysore City Municipality for the repair of roads through which their Royal Highnesses are escpected to pass.

Sanctioning a Supplemental grant of Rs 22,344 for Constructing necessary Shed for the holding of the Industrial and Agricultur Exchibition to be held in Mysore at the time of visit of their Royal Highnesses.

Sanctioning a Special grant of Rs 6500 towards the expenditure Connected with the ceremony of laying the foundation Stone to the Chamarajendra Technical Institute by H. R. H. the Prince of Wales.

The total additional grant Sanctioned up to date is Rs: 3,28,844/-

H 3442-5 dated G.M 91-05-11 12th December 1905.	Sanctioning an additional grant of Rs 100.000 for certain exc--penditure to be incurred by the Military Assistant during the time of the visit of Their Royal Highnesses.	additional grant sanctioned up to date is Rs 328.844.
R.P 10-11 dated G88-05-30 22nd October 1905	Sanctioning the with--drawal of 150 men and 10 officers from the Distuct and calling them in to Bangalore on or about the 15th of november 1905 in view to giving them two months' training in drill and those Special duties which they will be aske to perform during the Royal visit and Sanc--tioning the proposal to allow batta to these Special District Consta--bles at 3 annas a day while in Bangalore and 4 annas when deputed to Mysore and elsewhe on escort and guard duties, the Cost being met from the Savings in the Police Budget for the Current year.	Probable Minimum ~~additional~~ Cost excluding the travelling allow--ances payable under the Code rules is Rs 2445.
H 3399-400 dated H Fin 137-05-1 25th November 1905. V.P.Butler	Sanctioning an additional grant of Rs 162.400 to the Railway Budget of the Current year for the purchase of four new engines for the Mysore State Railway.	This was probably known when the Budget Estimate was prepared.

J 70 7 dated Pris 1-2 4th July 1905. Dwt-Wp	of 8 Lamp posts at a total Cost of Rs 240 to the lock-up building at Shimoga. The cost being met from the provision made under petty Construction and repairs for lock-ups.	Provision in Budget for Petty Construction and Repairs is Rs 2000 of which 240 are Sanctioned for Lamp-posts.
H 581-3 dated J.M 361-04-8 20th July 1905. Dwt-Wp	Sanctioning an additional allotment of Rs 1400 to the Stationery Depôt for the purpose of supplying Stationery articles to Kunigal Stud Farm and Transport Department by reappropriation from the provision made for The up keep of Kunigal horses and Transport ponies.	
H 882-4 dated J.M. 223-04-4 1st August 1905. Dwt-Wp	Sanctioning a sum of Rs 500 on account of the additional furniture required for The "Grace Ville" occupied Lt. R. J. W. Steele, Tutor to yuvaraja.	no source mentioned. Hence this is presumed to be an addition grant.
J 599-600 dated C: 15-4 25th August 1905. Dwt-Wp	Sanctioning a reappropriation of Rs 55 from the Contingencies of the Civil and Sessions Courts to meet the increased pay Sanctioned to the Nazir of the Principal Munsiff's Court at Bangalore in Government order no J 228-9/C: 15-2 dated 19th July 1905.	

b2058-9 dated R23-05-4

19th September 1905

D.T.W.

Sanctioning the entertainment of a peon on Rs 4 per mensem for the Agricultural Inspector attached to the Excise Department, the Charge for the Current year being met from the Provision made for the Travelling allowances of the Executive Staff of the excise Department.

...ntingencies under the head Travelling Allowances are always uncertain.

J934-5 dated C:93-2

23rd September 1905.

Sanctioning a re-appropriation of Rs 45 from the Contingencies of the District Judges' Court to meet the extra cost on account of the retention of the Temporary establishment for clearing up arrears, for a period of 6 months in Government order no: 135-6/C 323-2 dated 11th July 1905.

Sanctioning a reappropriation of Rs 88-5-0 from the provision made for Travelling Allowances for Tutor to the Yuvaraja for meeting the amount spent on account of clothing supplied to the menials of the establishment of Tutor to the Yuvaraja.

Sanctioning a reappropriation of Rs 848-12-0 out of the provision of Rs 2500 made for the purchase of Apparatus for the Central College, for Compensation paid for lands

Mil 1635 dated 78 / 26-28 October 1905.

Sanctioning the transfer of Rs 246-6-6 from the travelling allowances to establishment of the Military Assistant's office to meet the travelling allowances of the Establishment of the Government Stud Farm.

No provision had been made for travelling allowance to Establishment of Remigal Stud Farm.

H 2436-4 dated 7-M 144-05-2

30th October 1905

Sanctioning a reappropriation of Rs 3400 from the grants under Supplies and Services of Government Houses to meet the additional expenditure on account of the renovation of Government Carriages during the current year.

Out of the provision of Rs 5000 for the renewal of Government Carriages etc. Rs 3000 was reserved to meet the Cost of the Temporary Establishment (Sanctioned in G.O no. 211-12-16 Mil dated 15-4-05) and the present addition of Rs 3400 was made because the reduced grant was insufficient.

H 2843-4 dated G.F 116-05-2

2nd November 1905.

Granting a personal allowance of Rs 100/- per mensem to Mr. H. Dorne, Assistant Secretary and fixing the pay of the Superintendent, Military Stores and Imperial Service Work Shops at Rs 350-50/3-450 to start with on a pay of Rs 400 from 1st July 1905. The extra Charge to be met by reappropriation from the Sources noted below,-

Allowance for Supervising Government House	2400
Pay and allowance of Superintendent	3600
Deduct amount utilised	400
	2400
Balance available	5400

In the Budget a Lumpsum deduction of Rs 3600 was made as none had been appointed as Superintendent and for Supervising the Government House

37 R5514-8 dated 2-R 301-05-2 4th November 1905

Sanctioning a draft-man on Rs 25 per mensa for a period of 2 months for the office of the Revenue Commissioner and requesting the Revenue Commissioner to settle with the Comptroller the source from which the proposed expenditure to be met.

Extra expenditure sanctioned before the expenditure

J 124-05-2 16th November 1905

Sanctioning the adjustment of the Salary of a Cleaner on Rs 4/- per mensem entertained by the ~~Palace~~ officer in Charge of the Palace Establishments for the Motor Car "Packard" purchased for the Government on intimation of the Monthly payments made to him being Communicated by the officer in Charge of the Palace Establishments

No source pointed out - Apparently the charge is debitable to Government.

H: 3228-9 dated G.J 122-05-3 18th November 1905

Sanctioning an allowance of Rs 50 per mensem to the Palace Chauffeur for looking after the Government Cars and Sanctioning Travelling Allowances to him when on tour in charge of a State Car at the Palace rates. The charges for the Current year are to be met from the Source pointed out in Government order No: H 2843-1 G.J 116-05-2 1905

1038-40 dated Geol 2 st November 1905.

Sanctioning Dr: Smeeth's making tours in South Africa, Egypt and America at an estimated Cost of £ 450.

5335-6 dated Es (108-05)-2 23rd November 1905.

Sanctioning a personal allowance of Rs 10 per mensem to M. Randa Easterbrook with effect from 1st June 1905 which is to be raised to Rs 20 after 3 years, and requesting the Auditor General to suggest a reappropriation for meeting the charge in the current year.

Extra expenditure sanctioned before reappropriation

H 3319-20 dated J. J 118-05-4 24th November 1905.

Raising the grant provided for armourer allowance from Rs 120 to Rs 252, the excess expenditure during the current year being met by reappropriation from the provision made for the purchase and repair of arms under Military Stores

G 2734-8 dated J. M 158-05-2 24th November 1905.

Sanctioning a reappropriation of Rs 186-5-3 from Contingencies to Travelling Allowances of the Meteorological Budget directing to debit to General Revenues the allowance of Rs 50 per mensem Sanctioned to Mr. Hayes while he was in Charge of the Zomba Town Municipality by

no provision in Budget for travelling allowance

+ 45-6 M/K 248-05-2 dated 29th November 1905

The Source pointed out is very uncertain. There are no scales fixed for Assistant Commissioners

by reappropriation out of the Savings from the provision made for the pay of Assistant Commissioners and their Establishments under 2-Land Revenue.

for the number of officers on the list on 1st July 1905.

2922-4 dated P13-05-8 11th December 1905.

Sanctioning the revision of the branch Press at Mysore at an additional Cost of Rs 95 per mensem, effect being given after the Sanction of necessary reappropriation of Funds

vil 2225-6 dated 11th December 1905

Sanctioning a reappropriation of Rs 426 for the purchase of Polo Saddles from the grant made for the purchase and repair of arms and Military Stores.

no provision for polo-saddles in the Budget.

W. Secretary's 602-3925 dated 10th June 1905.

Forwarding Copy of letter no 601-3922 dated 10th June 1905 to the address of the Assistant Manager General Electric Company New York asking him to retain mr: Kariappa a Mysore State Student until further orders and requesting him to Continue the monthly allowance of $ 75 till the question of allowing the Student to remain in America for two years longer is settled by Government.

monthly grant made to the orphanage attached to the Srinivasa mandiram Bangalore City from Rs 25/- to Rs 50/- and directing to debit it to General Revenues (Nyaya Budget).

Proceedings of the Govt.of H.H.the Maharaja of Mysore.

ORDER.-- No. H 2806-57
Gl Fin 102-06-1

Dated 23d October 1906

The Government of His Highness the Maharaja have had for some time under consideration the procedure for applying for and sanctioning, additional grants for expenditure after the Budget Estimates of any one year are passed.

2. At present it is almost the general practice for spending officers to apply for additional grants for any item of expenditure which is not specifically provided for in the sanctioned Budget, and the obligation to meet the expenditure by reappropriation within the existing grant is not only not strictly enforced, but it is not often clearly understood.

3. It is therefore necessary to define more precisely the nature and scope of the Budget grants and the responsibilities of spending officers in regard to the provision of funds for any new expenditure not

foreseen in framing the Budget Esti-

mates of the year.

4. The State Budget Estimate is the programme of the year's expenditure with reference to the available Revenue. Ordinarily the total expenditure for which provision is made should not exceed the total Revenue, and it is usual to estimate for a small surplus of rev-

enue as a margin of safety against possible fluctuations in Revenue and unforeseen demands for inevitable payments or unavoidable expenditure.

5. The expression "unforeseen demands for inevitable payments or unavoidable expenditure" should be noted. If an accepted claim against Government for expenditure incurred in a previous year is preferred, the payments must be made and cannot be refused for want of Budget provisio though departmental action may be taken fo the failure of the responsible officer to foresee the arrear claims when the estimat

were framed. In the same way, if, owing to failure of rains or other causes there is a widespread distress in the country, all necessary expenditure must be incurred irrespective of Budget provision to save the lives of the people, and it is open to the Government in an emergency of this kind to completely recast the original Budget programme to meet the new demands as far as possible.

6. But apart from these special purposes for which an annual surplus of Revenues may be estimated, it is wholly opposed to a sound financial system to estimate for a regular surplus of ordinary Revenues as a sort of reserve to meet the ordinary needs of the administration. Any such surplus should be applied immediately to the reduction of taxation or to the improvement of the moral and material condition of the people.

Thus, under the Budget system, the Government being precluded from setting aside a reserve for ordinar

it is not possible for it to allot additional funds for such requirements during the course of the year, and no application for such allotments can ipso facto be entertained.

8. The position of the general Government being as above explained, it is necessary to define the nature of the assignments of funds made to spending officers in the Budget Estimates. These assignments made in the estimates should be treated as a sort of annual contract for the service of a whole department. When a private contract is made, such as for the construction of a house, the original settlement is no doubt fixed with reference to probable expenditure on the various kinds of material and labour required for the purpose, but in the actual result the contractor is required to work within the total money outlay stipulated for, irrespective of variations in the details. In the way, when Government makes a total assignment for the expenditure of any departmen

It is incumbent on the spending officer to keep the branch of service in his charge in an efficient condition within the authorised scale of expenditure

9. The principle stated in the preceding paragraph may be further explained a follows:-

The Government makes a total grant of about 20 lakhs for expenditure on construction and repair of buildings and roads in the country. This grant is distributed among specific establishments and works. But in the course of the year it is found that some new and urgent work must be taken up in the

specific provision was made for this work in the Budget is no justification for proposing an additional grant. Variations within defined limits from the settled Budget programme must be taken as an ordinary incident of the administration and the Government cannot be expected to spec find funds or every new work. If there is any exceptional demand due to some calamity, such as

heavy damages by flood or wholesale destruction of buildings by fire, involving heavy outlay, the case would be different but ordinary variations in the programme of expenditure within a small percentage the total grant must be provided for by r appropriation.

10. It should be clearly understood that it is the duty of the officer who proposes any new expenditure to suggest the Ways and Means for such expenditure, but it does not necessarily follow that any possible retrenchment within the total grants at his disposal is always available for the new expenditure. Government in sanctioning any new expenditure is obliged to consider the Ways and Means of the State as a whole, and if the Government has already been committed to unavoidable expenditure in some departments in excess of Budget grants it is incumbent on it to transfer to its service all possible retrenchments in other departments without sanctioning any reappropriations.

11. In dealing with questions of additional grants and reappropriations, the difference between non-recurring and recurring expenditure should also be borne in mind. Sanction to non-recurring expenditure is merely a question of Ways and Means in the year, but the proposal for a recurring expenditure involves, in addition to the immediate question of Ways and Means, the far more important question of available Revenue in future years. The question to be considered in giving sanction to such a proposal is not whether the required cash can be made available without difficulty but it is whether sufficient surplus Revenues is available to meet the regular demand. Accordingly, if Government undertake such expenditure without first providing for it in the estimate, there is the risk of hypothecating the increase of Revenue in future years without knowing whether such an increase may be really available. On considerations like these, the standard rule regarding expenditure not provided for in the Budget Estimate is laid

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ng financial year and not earlier."

12. The Government of His Highness
he Maharaja have decided that the princi-
les above explained should be strictly ob-
erved in future both in proposing new ex-
enditure and grants and in sanctioning them,
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No. Fl. 2806-51—Gen. Fin. 102-06-1, dated Bangalore, 23rd October 1906.

Order.—The Government of His Highness the Maharaja have had, for some time, under consideration the procedure for applying for, and sanctioning, additional grants for expenditure after the budget estimates of any one year are passed.

2. At present it is almost the general practice for spending officers to apply for additional grants for any item of expenditure which is not specifically provided for in the sanctioned budget, and the obligation to meet the expenditure by reappropriation within the existing grant is not only not strictly enforced, but it is not often clearly understood.

3. It is therefore necessary to define more precisely the nature and scope of the budget grants and the responsibilities of spending officers in regard to the provision of funds for any new expenditure not foreseen in framing the budget estimates of the year.

4. The State budget estimate is the programme of the year's expenditure with reference to the available revenue. Ordinarily the total expenditure for which provision is made should not exceed the total revenue, and it is usual to estimate for a small surplus of revenue as a margin of safety against possible fluctuations in revenue and unforeseen demands for inevitable payments or unavoidable expenditure.

5. The expression " unforeseen demands for inevitable payments or unavoidable expenditure " should be noted. If an accepted claim against Government for expenditure incurred in a previous year is preferred, the payments must be made and cannot be refused for want of budget provision, though departmental action may be taken for the failure of the responsible officer to foresee the arrear claims when the estimates were framed. In the same way, if, owing to failure of rains or other causes there is a widespread distress in the country, all necessary expenditure must be incurred irrespective of budget provision to save the lives of the people, and it is open to Government in an emergency of this kind to completely re-cast the original budget programme to meet the new demands as far as possible.

6. But apart from these special purposes for which an annual surplus of revenue may be estimated, it is wholly opposed to a sound financial system to estimate for a regular surplus of ordinary revenues as a sort of reserve to meet the ordinary needs of the administration. Any such surplus should be applied immediately to the reduction of taxation or to the improvement of the moral and material condition of the people.

7. Thus, under the budget system, the Government being precluded from setting aside a reserve for ordinary requirements, it is not possible for it to allot additional funds for such requirements during the course of the year, and no application for such allotments can *ipso facto* be entertained.

8. The position of the Government being as above explained, it is necessary to define the nature of the assignments of funds made to spending officers in the budget estimates. These assignments made in the estimates should be treated as a sort of annual contract for the service of a whole department. When a private contract is made, such as for the construction of a house, the original settlement is no doubt fixed with reference to probable expenditure on the various kinds of material and labour required for the purpose, but in the actual result the contractor is required to work within the total money outlay stipulated for, irrespective of variations in the details. In the same way, when Government makes a total assignment for the expenditure of any department, it is incumbent on the spending officer to keep the branch of service in his charge in an efficient condition within the authorized scale of expenditure.

9. The principle stated in the preceding paragraph may be further explained as follows:—

The Government makes a total grant of about twenty lakhs for expenditure on construction and repair of buildings and roads in the country. This grant is distributed among specific establishments and works. But in the course of the year it is

found that some new and urgent work must be taken up in the interest of the service. The fact that no specific provision was made for this work in the budget is no justification for proposing an additional grant. Variations within defined limits from the settled budget programme must be taken as an ordinary incident of the administration, and the Government cannot be expected to specially find funds for every new work. If there is any exceptional demand due to some calamity, such as heavy damages by flood or wholesale destruction of buildings by fire, involving heavy outlay, the case would be different, but ordinary variations in the programme of expenditure within a small percentage of the total grant must be provided for by re-appropriation.

10. It should be clearly understood that it is the duty of the officer who proposes any new expenditure to suggest the ways and means for such expenditure, but it does not necessarily follow that any possible retrenchment within the total grants at his disposal is always available for the new expenditure. Government in sanctioning any new expenditure is obliged to consider the ways and means of the State as a whole, and if the Government has already been committed to unavoidable expenditure in some departments in excess of budget grants, it is incumbent on it to transfer to its service all possible retrenchments in other departments without sanctioning any re-appropriations.

11. In dealing with questions of additional grants and reappropriations, the difference between non-recurring and recurring expenditure should also be borne in mind. Sanction to non-recurring expenditure is merely a question of ways and means in the year, but the proposal for a recurring expenditure involves, in addition to the immediate question of ways and means, the far more important question of available revenue in future years. The question to be considered in giving sanction to such a proposal is not whether the required cash can be made available without difficulty, but it is whether sufficient surplus revenue is available to meet the regular demand. Accordingly, if Government undertake such expenditure without first providing for it in the estimate, there is the risk of hypothecating the increase of revenue in future years without knowing whether such an increase may be really available. On considerations like these, the standard rule regarding expenditure not provided for in the budget estimate is laid down as follows :—

" Expenditure for which no provision has been made in the estimates of the current year should not be proposed and cannot be sanctioned. In the absence of special grounds, the sanctioning authority assumes that any expenditure proposed is intended to have effect from the beginning of the following financial year and not earlier."

12. The Government of His Highness the Maharaja have decided that the principles above explained should be strictly observed in future both in proposing new expenditure and grants and in sanctioning them, and the Government have no doubt that, if worked in the proper spirit, the rules will lead to a considerable reduction in the applications for additional grants and expenditure that are now received throughout the year.

K. S. CHANDRASEKHARA AIYAR,
Secy. to Govt., Gen. & Rev. Depts.

To—The Heads of Departments.
The Comptroller to the Government of His Highness the Maharaja of Mysore.

Exd.—C. V.